

HOUSE JOINT RESOLUTION 19

Unofficial Copy
B1
HJ 16/00 - APP

2001 Regular Session
11r2090

By: **Delegates Klima, Amedori, Baldwin, Bartlett, Boschert, Boutin, Brinkley, Cryor, Eckardt, Edwards, Elliott, Flanagan, Getty, Glassman, Greenip, Hutchins, Kach, J. Kelly, Kittleman, La Vay, Leopold, McClenahan, McKee, Murphy, O'Donnell, Parrott, Ports, Redmer, Rzepkowski, Schisler, Shank, Snodgrass, Stocksdale, and Stull**

Introduced and read first time: February 9, 2001
Assigned to: Appropriations

HOUSE JOINT RESOLUTION

1 A House Joint Resolution concerning

2 **Debt Affordability - Protection of Maryland from the Growth of Excessive**
3 **State Debt**

4 FOR the purpose of providing that new net authorizations of general obligation debt
5 may not exceed a certain amount in the 2001 Session and that surplus operating
6 budget funds be used to finance other planned and necessary capital projects.

7 WHEREAS, The Capital Debt Affordability Committee was created in 1978;
8 and

9 WHEREAS, The Committee is composed of the Treasurer, Comptroller, the
10 Secretary of Budget and Management, the Secretary of Transportation, and one
11 member appointed by the Governor; and

12 WHEREAS, The Committee's primary responsibility is to review the size and
13 condition of the State debt and to submit to the Governor an estimate of the total
14 amount of new general obligation debt that may prudently be authorized for the next
15 fiscal year; and

16 WHEREAS, The Committee estimates that the State's outstanding general
17 obligation debt will grow \$1.6 billion or 47% over the next 9 years; and

18 WHEREAS, The growth in general obligation debt will require almost a \$218
19 million or 46% increase in annual debt service costs; and

20 WHEREAS, The State is projected to have over a \$375 million general fund
21 balance at the end of fiscal 2001; and

22 WHEREAS, The Capital Debt Affordability Committee recommended a \$475
23 million limit for new general obligation debt authorizations for the 2001 Session, a
24 \$15 million increase over the 2000 debt limit; and

1 WHEREAS, The Committee considered, but rejected, a proposal to set the
2 2001 debt limit equal to the 2000 limit and to make greater use of PAYGO
3 (pay-as-you-go) funds for capital projects; and

4 WHEREAS, The State should not be increasing reliance on debt financing in
5 times of large budgetary surpluses; and

6 WHEREAS, Over the last 3 years general fund PAYGO appropriations have
7 been used to fund \$301 million of projects that were not in the State's previous year's
8 Capital Improvement Plan, thereby resulting in the expansion of the size of the
9 capital program rather than a reduction of the State's debt; and

10 WHEREAS, It is estimated that the State will redeem \$322 million in debt in
11 fiscal 2002; and

12 WHEREAS, Limiting the authorization of new debt in the 2001 Session to the
13 amount that will be redeemed in fiscal 2002 will slow the growth in State debt and
14 reduce the debt costs being passed on to future taxpayers; now, therefore, be it

15 RESOLVED BY THE GENERAL ASSEMBLY OF MARYLAND, That net new
16 authorizations of general obligation debt not exceed \$322 million in the 2001 Session
17 and that surplus operating budget funds be used to finance other planned and
18 necessary capital projects; and be it further

19 RESOLVED, That a copy of this Resolution be forwarded by the Department of
20 Legislative Services to the Honorable Parris N. Glendening, Governor of Maryland;
21 the Honorable Thomas V. Mike Miller, Jr., President of the Senate of Maryland; and
22 the Honorable Casper R. Taylor, Jr., Speaker of the House of Delegates.